

Success Story

RICHMOND DISTRICT OFFICE

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Entrepreneurs Find Their Own **RAINBOW** to Golden Success Rainbow Station Named SBA Success Story

One of Virginia's newest franchise systems is poised for continued success. This success, however, was not found by seeking a mythical pot of gold at the end of the rainbow, but rather through hard work, dedication and an enthusiastic desire to provide a unique and much needed service.



Gail W. Johnson did just that with the creation of Rainbow Station, a full service franchised multi-building campus setting for early education, after school and summer recreational programs for children. This is the place where “teachers and nurses partner with parents to promote the success of each child” said Johnson. Over the years Rainbow Station has won numerous awards for its pre-school and school-age recreation programs and it is already a successful franchise operation.

This success, however, did not come overnight nor was the road an easy path to follow. Johnson was a pediatric nurse at the MCV/VCU School of Nursing in Richmond when she observed first-hand the lack of services for children with acute or chronic medical conditions. To meet this need, the concept of a unique place where children with chronic health conditions as well as usual childhood illnesses could go for help was born.

In 1989 Johnson launched the Rainbow Station concept which included the Get Well Place to meet the needs of working parents with mildly ill children. It also consisted of a Nursery School for children birth to two years, a Preschool for children three to five years and schoolage recreation for children five to fourteen years of age. The first facility opened on December 18, 1989 with eighteen children overall and only one admitted to the Get Well Place. Within five months 100 children were enrolled, and today the center is filled to capacity with an enrollment of 325 and an extensive waiting list. The key to its success Johnson says is “in the unique services provided by Rainbow Station” and the blending of educational programs with nursing care. Nurses are always on-hand should any child need care during the day.

It was in 1990 that Johnson sought out the Greater Richmond Small Business Development Center (SBDC), a resource partner of the U.S. Small Business Administration, for guidance and assistance to help her business grow. The VA SBDC network has 30 centers throughout the Commonwealth and is a cooperative effort of the private sector, the educational community and federal, state and local governments designed to provide management assistance to current and prospective small business owners of small businesses like Rainbow Station.

In November of 1991 Johnson received her first SBA guaranteed loan under the SBA’s 7(a) loan program for her second campus in the Boulders in Richmond VA. Enrollment, like that of the first location, was slow to start, with only 18 children enrolled. However, it quickly grew to 90% within 11 months.

The 7(a) Program is SBA's primary lending program. It provides loan guaranties for small businesses unable to secure financing on reasonable terms through normal lending channels. The program operates through private-sector lenders who provide loans which are, in turn, guaranteed by the SBA. A maximum

loan amount of \$2 million has been established for 7(a) loans. The eligibility requirements are designed to be as broad as possible in order that this lending program can accommodate the most diverse variety of small business financing needs.

Johnson then conceived the idea of the Village in 1996, a unique school-age recreation program. The Village at Rainbow Station is reminiscent of times when children played freely in neighborhoods after school. In the Village, enrolled children can go to the village green for town meetings, the café for snacks, the library to study, or the theatre for dramatic play. It's a complete village within a building. The after school and summer recreation program that parents were seeking! It's no wonder that in that year Rainbow Station was chosen as a Rising 25—A Top 25 Fastest-Growing Company and was one of 19 finalists for the Virginia State Entrepreneur of the Year Award.

Johnson was also named the Greater Richmond Small Business Person of the Year in 1996 and the following year Johnson was named SBA's Virginia Small Business Person of the Year. But her success and drive did not stop there.

Wanting to grow and make this program available to others, Johnson created PRISM, the franchising company for Rainbow Station, in 1999. The first franchise was sold in 2000 in San Antonio, Texas, and while Johnson still owns and operates the three original campuses, there are currently a total of four campuses in the Richmond area with five more franchises in operation nationwide and 11 more on the books. Franchise operations are in place in Virginia, North Carolina and Texas with facilities soon to open in Pennsylvania and New Jersey. It was in July, 2004 that Rainbow Station sold its first franchise operation here in Richmond. Nicole Eubanks-Lambert owns Rainbow Station in Wyndham and already has her sights on a second franchise in the Midlothian, Virginia area.



Franchising, especially with a well established franchise, is often a less risky path to take than starting one's own business. "Starting a franchise involves hard work, delayed gratification and is expensive. Economic uncertainties have made it harder to get into a franchise" explained Johnson. "Although banks have tightened up credit making it tougher for prospective franchisees to get access to capital, it may be easier to get financing for franchises that are listed on the SBA franchise registry." SBA has a number of banks and non-bank lenders who actively participate with financing business under the SBA 7(a) Loan Guaranty Program. In fact, SBA financing has been key to the growth of the Rainbow Station franchise.

It is no wonder that Rainbow Station is a golden success especially when you hear Johnson say that she "built this company around five core values, including integrity, and reinforces them at every opportunity." Starting a business and even franchising can be "intimidating and yet rewarding" but you need that "fire in your belly" to succeed, according to Johnson. With the initial help from the SBDC and SBA's loan programs, Johnson's background, hard work, dedication and an enthusiastic desire to succeed, has most certainly poised Rainbow Station for continued growth and success.

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